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WASHINGTON POST
10 October 1986

LaRouche Group Harried Probers, FBI Tells Court

By John Mintz
Washington Post Staff Writer

Political extremist Lyndon H. LaRouche Jr. and his associates were so upset about the federal investigation of the group's finances that they spent entire nights making telephone calls to harass government lawyers, picketed several courthouses and sent colleagues to Germany to keep them from appearing before a grand jury, federal authorities testified yesterday.

LaRouche told his longtime security consultant, a former Ku Klux Klansman facing weapons and other charges, that the federal prosecutor overseeing the LaRouche investigation "doesn't deserve to live, he should get a bullet between the eyes," an FBI agent testified.

Agent Richard Egan said the security consultant, Roy Frankhouser of Reading, Pa., is now supplying authorities with information about the LaRouche group, as are another former Klansman once affiliated with LaRouche and at least 15 LaRouche "defectors," followers of LaRouche who have left his fold.

Yesterday's hearing in federal magistrate's court in Alexandria brought forth a wealth of testimony about the little-known world of the LaRouche organization—a world in which a range of political activists on the political fringes, from neo-Nazis to the militant Jewish underground, were said to have traded information with the LaRouche followers, and then informed on one another to the authorities.

The bond hearing for three of 10 LaRouche associates indicted this week revealed many details of the Justice Department's case, which charges that the LaRouche organization engaged in a massive credit

card fraud scheme and obstructed justice to cover it up.

Frankhouser, described by authorities as knowledgeable about many of the group's most sensitive operations, started talking to federal investigators Wednesday in the federal courthouse in Philadelphia, officials said, only minutes after being released on his own recognizance on an obstruction of justice charge.

Under questioning from Assistant U.S. Attorney John Markham of Boston, Egan said Frankhouser told officials that in late 1984, when he told Michelle Steinberg, a top LaRouche aide, that he believed the LaRouche group had committed credit card fraud on a grand scale, she snickered and said, "Even if we did, they'll never catch us."

After a five-hour hearing yesterday, U.S. Magistrate W. Harris Grimsley ordered Steinberg and her husband Jeffrey, both Leesburg residents who are said to be top LaRouche lieutenants, held without bail pending their trial on obstruction of justice charges in Boston. Grimsley said that there is "clear and convincing evidence" that the Steinbergs and an array of LaRouche-affiliated organizations are obstructing justice in connection with a Boston grand jury investigation that on Monday returned a 117-count indictment.

U.S. District Judge A. David Mazzone of Boston has fined the LaRouche group more than \$21 million for failing to respond to subpoenas.

Grimsley delayed until today a decision on bond for Michael Billington of Leesburg, indicted for wire fraud.

FBI agent Egan was the chief government witness, recounting information he said he was told by Frankhouser and three other individuals familiar with the LaRouche group's operations: Forrest Lee Fick, an ex-Klansman who worked for LaRouche as a security adviser from 1982 to 1985; Mordechai Levi, leader of a militant Jewish organization who worked as a LaRouche security adviser in an effort to expose LaRouche as an anti-Semite; and Charles Tate, a LaRouche follower from 1971 to 1984 who also was a member of LaRouche's security team.

Authorities have not named any of the other LaRouche followers who are giving information to the government. Tate is one of the few LaRouche followers ever to be named as cooperating with officials. "Defectors" say that when group members suspect they are talking to investigators or reporters, they are harassed in an effort to silence them.

Testimony yesterday indicated the LaRouche group was taken by surprise by raids Monday at the organization's two Leesburg headquarters buildings, and by indictments the same day of 10 LaRouche associates and five related organizations.

Egan testified that, according to Frankhouser, Michelle Steinberg told Frankhouser last month that the Boston investigation was over because William Weld had stepped down as U.S. attorney there to become chief of the Justice Department's criminal division. Weld was the prosecutor LaRouche allegedly said does not deserve to live.

Among the items seized in the raids in Leesburg and at another LaRouche office in Quincy, Mass., were thousands of documents about LaRouche financial contributors that the group has refused for two years to give to the grand jury, Egan said. Investigators also removed about 17 diaries and notebooks, including one belonging to Michelle Steinberg that referred to an effort to "spike" the Boston probe, Egan said.

Also seized in Monday's raid were the group's files on Weld, who group members have denounced with scurrilous accusations about his personal life. Egan said agents found files on the births and deaths of Weld family members, background investigations of members of his wedding party and of his neighbors, and files on his in-laws. The Steinbergs' lawyers said these materials were used in their research for articles about Weld.

Yesterday, Virginia state investigators filed in Loudoun County Circuit Court a list of what they seized in Monday's raids. The list includes 385 items—in many cases a single item represents numerous boxes of material—such as ledger books, bank records, computer tapes and travel bills.

Frankhouser pleaded guilty in 1975 to trafficking in stolen dynamite and is currently facing a charge in Virginia of being a felon in possession of a firearm. Frankhouser, an activist in many hate groups, has been a paid security consultant to LaRouche since the mid-1970s. Fick and Frankhouser were longtime associates.

Frankhouser and Fick worked for LaRouche's security squad, which Egan said protects LaRouche, gathers intelligence and practices "damage control" for the group.

Fick and Frankhouser told the FBI that, in order to keep their security jobs with LaRouche, they concocted a story that they had high-ranking current and retired

CIA contacts, especially one they called "The Source," Egan said. They had to keep up this pretense for years and contend with continual demands by LaRouche associates for CIA favors, he said.

In late 1984, Egan said, after the Boston investigation started, the Steinbergs repeatedly told the two to contact these CIA officials to "fix" the probe.

William Moffitt, Jeffrey Steinberg's lawyer, urged Grimsley to set bond for the Steinbergs, acknowledging that some cloak-and-dagger aspects of the LaRouche security operation, such as labeling documents "Eyes Only," seem overly grandiose. "There is a naivete here, a silliness here," Moffitt said. "These people were clearly duped by two professionals, Mr. Fick and Mr. Frankhouser."

About that time, Fick and Frankhouser wrote memos to the group advising them to burn incriminating documents and send away potential witnesses, Egan testified.

Moffitt said that Fick and Frankhouser are not credible witnesses because they lied to the LaRouche followers. Moffitt said the LaRouche followers did not ask for the memos about blocking the grand jury, so they cannot be used as evidence. Moffitt called the two ex-Klansmen "provocateurs" for the government.

But Egan said Frankhouser recalled "hundreds" of conversations with the Steinbergs in which the couple spoke about how they had sent to Europe potential grand jury witnesses knowledgeable about LaRouche fund raising. Frankhouser said Michelle Steinberg told him the fund-raisers are "hidden where the sun doesn't shine."

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